



## FREQUENTLY ASKED QUESTIONS ABOUT LOAN CONSOLIDATION

QUESTION	RESPONSE
<b>1. Are there differences between loan consolidation programs?</b>	<p>Borrowers are encouraged to check with their existing loan holders or servicers to find out about consolidation options available to them, and to carefully evaluate the plan best suited for their current and future repayment needs. Some differences between programs may include:</p> <ul style="list-style-type: none"> <li>■ Minimum balances or numbers of loans required to apply.</li> <li>■ A prior account relationship may be required.</li> <li>■ Repayment incentive benefits to encourage good repayment behavior.</li> <li>■ The convenience of electronic debit, ensuring monthly payments are made on time.</li> </ul> <p>The Direct Consolidation Loan Program has no minimum balance requirements. There is no minimum number of loans required to consolidate through this program. The Direct Consolidation Loan Program also offers in-school consolidation.</p>
<b>2. Can a student consolidate while in school?</b>	<p><b>Under the Direct Consolidation Loan Program, students can consolidate while still in school.</b> To meet eligibility requirements, students must be enrolled in school on at least a half-time basis, and;</p> <ul style="list-style-type: none"> <li>■ Have at least one (1) in-school status Federal Stafford or Direct Loan, and <ul style="list-style-type: none"> <li>&gt; Attend a school participating in the Direct Loan Program, or</li> <li>&gt; Have at least one Direct Loan.</li> </ul> </li> </ul>
<b>3. What benefits do students gain while still enrolled in school?</b>	<p>There are several benefits to consolidating while still enrolled in school.</p> <ol style="list-style-type: none"> <li>1. The consolidation loan interest rate is calculated based on the interest rates of the loan(s) being consolidated. Since the in-school rate on variable rate education loan(s) is 0.6% lower than the repayment interest rate, the consolidation loan(s) weighted average interest rate will reflect that rate. Students who consolidate while still in-grace will also benefit from the 0.6% in-school rate on variable rate education loans.</li> <li>2. Students who qualify for in-school consolidation, and have loans in deferment, will essentially receive a second 6-month grace period on all the loans included in the new consolidated loan.</li> <li>3. Students will have one point of contact and one single payment to make.</li> </ol>
<b>4. What will happen to a student's grace period when they consolidate?</b>	<p>Students will not lose their grace period, as long as they apply for consolidation before they leave school. It is important they apply before the separation data is reported to NSLDS by the school. Borrowers should apply as their loans are fully disbursed, if they are applying during their final term.</p> <p><b>If a student consolidates their education loan(s) while in-grace, they will lose their grace period and immediately enter repayment.</b></p>

*More questions on the back*

QUESTION	RESPONSE
<b>5. Can a student consolidate just one loan?</b>	<p>Under the Direct Consolidation Loan Program, borrowers can consolidate one or more loans of any amount. Some FFEL lenders may require more than one loan to qualify for a consolidation loan or a minimum balance.</p> <p>Borrowers should check with their respective consolidation lender about consolidating more than one loan and minimum loan amount requirements.</p>
<b>6. Can students add additional loans to their consolidation loan?</b>	<p>By law, borrowers can add fully disbursed loans to an existing Federal or Direct Consolidation Loan for up to 180 days after the consolidation loan is disbursed.</p> <p>To request adding a loan(s), borrowers must submit a signed "Request to Add Loans" form, available from FFEL consolidation lenders and the Direct Consolidation Loan Program.</p>
<b>7. How long does it take to consolidate?</b>	<p>The consolidation process takes approximately 25 calendar days to complete. Typically, consolidation cannot be completed until loan certification information is received from all loan holders and servicers, including information from schools on Perkins, HHS, and other school-based loans. If loan holders respond quickly, the consolidation process can be completed in a very short period of time.</p>
<b>8. Can a student include a loan provided through the school in a new consolidation loan?</b>	<p>Only loans that are federally insured can be included in a Federal or Direct Consolidation Loan.</p> <p>Some consolidation programs offer combined billing of federal loans and private loans. Under these programs, the borrower has a single monthly payment obligation.</p>
<b>9. What is the Weighted Average Interest Rate for a consolidation loan?</b>	<p>The Weighted Average Interest Rate is the fixed interest rate that is based on the amounts and interest rates of loans selected for consolidation. The Weighted Average Interest Rate is rounded up to the nearest 1/8% and will never exceed 8.25%.</p>
<b>10. Is there a number a school can call for more information?</b>	<p>School professionals may call the Loan Consolidation Center at 800-557-7392.</p>